

## **Problems of Economic Convergence between the Czech Republic and EU**

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At the beginning of the economic transformation of postsocialist countries there was widely accepted idea, that within one or at most two decades we will be able to finish the whole transformation process and more or less catch up with the more developed European countries. The history of the last decade does not correspond with these expectations and I am afraid, that the solution of economic convergence between the Czech Republic and EU will not be finished in many decades ahead. There are many reasons for this situation. In my contribution I would like to concentrate only on some most important ones. Among them I have chosen the new structure of economic governance in the present day globalized world economy, some features of our economic transformation policy and finally the role of foreign direct investment. At the end I would like to make some comments concerning the possibilities of our national economic policy.

### 1) New Structure of Economic Governance in the Globalized World Economy

In the course of the Czech economic transformation we tacitly assumed that the world market was more or less a free competition market (of the perfect, oligopolistic or monopolistic form), where the textbook rules of classical or neoclassical economic theory were to be taken as absolutely valid. The decisive change in international economic relations in the world was characterized very accurately by M. Hart at the OECD conference on new forms of access to markets in the globalized world economy. This new situation manifests itself in the fact that formerly foreign trade transactions were contracted between mutually independent firms and individuals, whereas at present these contracts are being increasingly transformed into relations within the individual firms and relations within large mutually co-operating entrepreneurial alliances. (New Dimensions... p. 222)

The most important item, which has so far been very often ignored is the governance structure of the advanced market economies. No longer does the contemporary advanced capitalist world represent an absolute dominance of pure market mechanisms, which are very often combined with other, non-market forms of governance, primarily at enterprise level and the level of inter-enterprise relations in the different markets, supplemented with state regulation in the form of legal rules of the functioning of the whole system. A complex structure of the rights of ownership thus arises constituting an institutionalized system of power and control instituted by the individual participants in order to have free access to resources, information and the market (Campbell, North). Those who are not able to set up a similar effective system of governance at their own national level have little chance to assert their authority in either the international or the wider, integrated markets; they often even lose their capability to protect their own local national markets. This is to a great extent the case of the Czech economy affected primarily by a long period of socialist development of the country, but also in a not negligible measure by the transformational policy of the government, which did not at all realize the necessity to create and set up efficient national governance structures.

In this context let us mention briefly at least some of the characteristic features of the entrepreneurial co-operational networks or alliances. For these have a certain general internal hierarchical structure. At the head of these alliances there usually stand one or several big multinationals, which have become the main centers of research and development, marketing and supply. It is in this place in the whole co-operative network that the most important part of the value added is being realized. The second level is represented by subcontractors, who produce goods under their own trademark, have their own research and development departments, and deliver their goods to a diversified number of customers; they also usually take part in cooperation in various alliances. Their innovative potential, their own trademark and also a good access to distributive channels, a supplying base under their control - all this ensures them an independent position within alliances as well as a significant share of the value added in the whole co-operational network. The next is the level of enterprises doing commissioning turning out goods in accordance with the documentation received, not engaging in any research and development and supplying only certain stable customers. They have their own base of subcontractors. Their economic possibilities are limited, they do not produce goods under their own trademark and their share in the distribution of the value added is markedly lower than it is in the case of both the higher levels of co-operation. The lowest level is the one of enterprises operating in the form of outward processing traffic. These enterprises do not have their own access to the market, their output being valued at a level enabling them to cover actual costs and generate only minimum profit.

The internal structure of these co-operative networks is relatively rather stable and the movement of enterprises between the individual levels is minimal. A. Chandler, an American economist, has scrupulously analysed the history of big enterprises in the U.S.A., Great Britain and Germany that are heading the contemporary entrepreneurial alliances. Chandler concludes that for other competing enterprises the only chance of penetrating into that exclusive club in the world's free competition market is to try it at a time the new sectorial structures are being formed. In the traditional branches of industry the economic advantages of the incumbent firms are so considerable that a new competitor has practically no chance to compete with them. Their main advantage consists in a considerable reduction of the transaction costs in R. H. Coase's conception. The only possibility of penetrating that exclusive group in the already established sectors is a substantial help granted by the government.

A similar problem arises when attempts are made by the individual enterprises to climb the ladder of the levels of the entrepreneurial network, although breaking through the existing dividing lines may be a bit less difficult. Like Chandler, various materials of UNCTAD claim that the equalization of economic differences between the individual countries, or otherwise expressed, the ascension of the ladder of a co-operative entrepreneurial network, is possible to a greater extent only if the state furnishes the domestic enterprises with rent generating conditions over a relatively long transition period. Unless the state does this, the overwhelming majority of the domestic enterprises will have no chance to reach higher levels of co-operation.

The governments of the countries that were at least partly successful in narrowing the gap between them and the United States of America after the Second World War have pursued that policy. They endeavoured to create a strong competitive entrepreneurial structure making use of both a protectionist policy and a number of effective competitive measures. This holds for both the countries of Western Europe after the World War II and Japan as well as most of

the newly industrialised East Asian countries (excluding the city-states of the type of Singapore). The concrete forms of the individual interventions differed quite substantially, but their content in the sense mentioned above was identical.

The organisational structure of the contemporary globalized world economy is far from identical with the textbook type free competition form of capitalist market economy. With the external economic relations fully liberalized, the overwhelming part of the domestic enterprises in the post-socialist countries are not able to be competitive (in the sense of forming and establishing their own entrepreneurial alliances), which is also largely due to the fact that the economic policy of their governments provides very often foreign enterprises with higher advantages than those enjoyed by the domestic ones. Given this situation, the domestic enterprises are becoming increasingly a peripheral servicing industrial sector for the big multinational entrepreneurial alliances.

The role of direct foreign investment in the individual national economies is dependent to a high degree on the level of quality of the institutional structure of their governance, which produces a system of power and control enabling a better or a worse access to resources, information and the market (North). The higher the quality and efficiency of the national structure of governance, the greater the attraction of such economies as far as direct foreign investment is concerned, and the more positive the effect of that investment on the development of the domestic national capital that can be expected. In the economically backward countries and countries with imperfect or markedly backward institutional structure of governance foreign direct investment is of dominant importance; it affects the transformation of these countries into peripheral economies servicing the big multinational corporations and their co-operative networks very intensively. This type of development may in most cases not bring about an absolute decline of the economy of these countries; on the contrary, it can quite often accelerate economic growth and save the country from grave economic crises. Except for very rare cases, that type of development has however a tendency for the indicators of the poor living standard of the population of a country to remain unchanged, or they even fall further below the development of the advanced capitalist countries.

## 2) Economic Transformation and the New Governance Structure in CR

The conception of economic transformation in the Czechoslovak, and later Czech Republic paid minimum attention to these problems. Its view was based upon the idea that liberalisation of the home and foreign markets accompanied by privatisation would automatically ensure the best conditions for future effective economic development. That situation was far from surprising, because the problems concerning the institutional structure of governance had been inadequately theoretically cleared worldwide at that time; they were out of focus of the principal trend of economic theory. Besides, the foreign conceptions of economic transformation did not pay any attention to these problems either.

Under the Czech conditions, privatisation, the main process of transformation, brought about often certain destabilisation of the enterprise sphere. Let us give some examples. The so-called smallscale privatisation; which often used to be quoted as the textbook case of successful privatization, resulted in a structure of small businesses, which, with the world economy at its contemporary level of development, were of course not able to survive over

the maximum of about one decade. Retail trade was taken over by the big multinational chains, which the domestic smaller and medium-sized producers were able to penetrate only with great difficulties, for they were forced to supply their goods at prices that made them exert all their efforts in order to survive. The expansion of their businesses was mostly something they could only dream of. The foreign business chains take advantage of their position in order to place the largest possible quantities of the products of their traditional suppliers into the Czech market. And this is also one of the causes of the Czech trade balance deficit.

The standard methods of privatising enterprises into the hands of Czech owners meant credits being granted that resulted in the loan interest and debt burden that were mostly next to unredeemable. The success of most of these owners was thus virtually precluded. The main failure of the Czech privatisation was not caused primarily by the incompetence of the Czech businessmen, but far more due to inadequate transformation policy..

The voucher privatisation, which has very often been criticised, did not manage to produce coalitions of owners who would be able to prevent the privatised property from being appropriated in various ways. J. Stiglitz has characterised successful privatisation very aptly by claiming that it must attract the *stakeholder*, not *the shareholder*.

In the previous paragraph I claimed that the enterprises of the advanced capitalist countries were relatively more efficient than the Czech enterprises. One often hears that the Czech Republic had opened its economy to the full. In order that the external economic balance might be maintained under the existing conditions, it was however necessary that protective measures should be instituted. Devaluation and undervaluation of the ratio of the exchange rate of the Czech Crown to the purchasing power parity was chosen as the main measure. At first sight this decision looks quite convincing. It does not seem to be perceivably selective, it cannot be misused administratively, its application is relatively simple etc. The number of the seeming advantages of this approach could of course be substantially increased. However, the practice exposed the drawbacks that were involved. First of all, that measure is a short-term measure. Over the three to four months following the last devaluation three quarters of the whole devaluation wave of the year 1990 had been exhausted. And the benefit of that measure was reaped primarily by the exporters of simple homogenous products. As far as the scale of the more sophisticated products is concerned, price advantage does not play any more important role. Apart from this, these producers were in busy co-operation with foreign suppliers and the additional devaluation tax may have meant a prohibitive rise of their costs. The costs of the import of the required capital goods had risen substantially. These few instances, which are far from being exhaustive, prove that the protection of the economy with the help of undervaluation of the exchange rate is extremely problematic from the point of view of the creation of a competitive enterprise structure of the Czech economy

Another problematic step was the abandonment of the markets of the ex-socialist countries and the developing countries. Of course, they were risky markets, but in some of them (viz the post-socialist countries of Central Europe) embarking on the road pursued by the West European countries after the Second World War could nevertheless have been tried. A fast creation of the market in this sphere might have helped establish co-operative relations within a wider region, select the going concerns in that softer market, and prepare conditions for taking up the more important positions in the international co-operative networks. The very important assets the Republic used to have in the form of contacts and accumulated

knowledge of the market of the ex-socialist countries and some of the developing countries were handed over gratis to Western co-operative chains and alliances.

We could of course continue much longer giving examples of weakened informational, organisational and capital-based positions of Czech enterprises resulting from the process of transformation. The impotency of the enterprises privatised in the Czech way was not given only by their pre-revolutionary past or the incompetence of their managers and businessmen, but by the form of economic transformation devised. No wonder that under these conditions the inflow of strategic foreign partners has been considered the only viable solution.

### 3) Foreign Direct Investment

The practical results of the Czech ten-year economic transformation have led the Czech economists to the idea that the Czech economy can be stabilised and rescued only by an immense inflow of direct foreign investment. The economic results of the Czech enterprises, the larger ones in particular, have mostly been catastrophic. The sale of the remaining number to foreign partners is at present being postulated by both the Czech Government and the Opposition, the Trade Union Central, as well as the staffs of the Czech firms that are mostly on the brink of bankruptcy. These views coincide fully with those formulated by Mr Hart at the OECD conference on globalisation.

The development following the Second World War has shown that it was quite feasible to build up a relatively competitive economy based upon an intensive development of the domestic enterprise structure. This holds for both Western Europe and the East Asian tigers. Their experience can hardly be made use of in coping with today's problems of the Czech economy. From the very start the strategy of these countries has been more or less clear and well devised and focused on building up their own competitive entrepreneurial sphere. With the Czech Republic a strategy like that was completely missing and the Czech ten-year lag practically rules out the adoption of any similar developmental conception.

Moreover, there exist another two important factors that rule out a development of that type. The extreme power of the present entrepreneurial alliances of the globalised world does not allow application of the forms of economic policy that were the basis of the success of the groups of countries quoted above. And also, the application of such forms in the first decades after the Second World War might not have been possible if these countries had not been in an exclusive political position. For they were assured privileged position as countries defending the democratic world from the peril of the Communist Soviet Union and China, which gave them a much larger space for their own economic policy supported substantially by the United States. In the Czech case a situation like that did of course not exist.

The political and economic stabilisation of the Czech Republic along with the relatively acceptable legal framework created favourable conditions for a massive inflow of foreign capital into the Republic. Under those conditions the intensive policy of economic stimuli directed towards foreign investment had a good chance of success. In the second half of 1998 a new wave of direct foreign investment started flowing in, which has been almost equal to the most intensive in the world in proportion to gross domestic product or the number of population. If this tempo continues for another two or four years, the Czech economy, primarily the big enterprises and a considerable part of the medium-sized ones will be wholly

in the hands of foreign capital.

This development has played a positive role as far as the bringing of the decline of the economy to a halt and the restarting of growth is concerned. The inflow of direct investment has for many years been sufficient enough to offset (even with a surplus) the deficit of the current account balance. Little has been publicised about that inflow of foreign investment being linked with considerable costs. After the critical situation in 1997 and 1998, people are now mostly willing to forget about these costs, particularly if the balance between the costs and the benefits seems to be rather favourable. But despite that, the problem is worth being paid attention to. The first evident item is the stimuli designed to attract foreign capital. The items of this kind are extraordinarily large sums, particularly if we realise that subsidies to domestic businesses, farmers etc. are usually intensively debated and each crown becomes the subject of long negotiations.

Another problem of foreign direct investment, which is of much greater importance, is the considerable simplification of the manufacturing process to servicing and labour intensive jobs. This tendency can best be documented by the rise of the share of OPT in total exports, which went up from 21.9% in 1996 to 26.4% in 1998 and to 30.4% in 1999. It is characteristic of that rises that it accompanied primarily direct foreign investment. In firms that were totally in foreign hands OPT exports effected in the years quoted above represented around 60 % of their total export. And this group is also by far the most dynamic as far as export effectiveness is concerned. In 1998 these exports rose by as much as 50%.

In recent years it has often been claimed that direct foreign investment enhances technological sophistication of the Czech industrial output and raises it onto a technologically and qualificationally higher level. This claim should however be taken with reservation. It is true that in 1999 apart from the double-track vehicles, electrical appliances and instruments, machinery and radios, televisions and communications equipment were the leading items of the list of exports. It should also be noted that in these branches of industry the share of the O.P.T. exports ranked between 37 % and 83 %. In all these branches the share of the outward processing traffic in exports continued rising rather markedly from 1997 .

This type of development indicates that the ideas of economic convergence with the advanced market economies in the decades of the near future are really illusory. In the international co-operative networks the Czech firms operate at the lowest levels. Their share in the valued added is only minimal within the framework of these co-operative networks and alliances. Their requirements for highly qualified and skilled labour are very modest. Research and development is concentrated in the co-operative centres outside the territory of the Czech Republic. If some research teams have survived somewhere, they work exclusively for foreign companies. The economic advantages of the innovative changes are of course materialised in the final products in the centres of these networks abroad. It is quite probable that a situation well-known from the Czech socialist past may be repeating itself, see the economic advantages of such inventions as e.g. the jet-loom or the contact lenses were appropriated and materialised outside the Czech territory.

The losses caused by this state of affairs are already being incurred at present, and what is even more important, they are going to grow in the future. They are much greater than the costs of attracting foreign investment to the Czech Republic. With the present organisation of world economy, as well as EU economy, it has become rather illusory that well-organised

research might lead a country out of its economic backwardness. It would however of course be a still graver error if a country did not attempt to raise its own intelligentsia. The simplification of jobs in enterprises engaged in assembling imported components will also curb the rise of wages. It is very probable that such a development might lead to continuation of the differences in remuneration between these peripheral economies and the centres of economic governance and development.

Another problem of direct foreign investment is its effect on the balance of trade. In 1998 the trade balance deficit of corporations with direct foreign participation exceeded the sum of 102 billion Czech Crowns, i.e. nearly by 23 billion more than the total foreign trade deficit. There are a number of causes of this situation. Some of them are not closely linked with the type of ownership of these corporations. Since the wholesale trade is prevailingly in the hands of foreign firms, part of that deficit would exist in any case. The traditional relations within international alliances indisputably contribute to expansion of import and a certain curb on the export by domestic manufacturers.

The inflow of trading capital has recently been one of the most important components of direct foreign investment. Its adverse effect consists in its affecting the chance of further development of small and medium-sized enterprises producing consumer goods. In most cases their existence depends upon their success in joining some of the existing trading chains, which of course take advantage of their position in holding the prices of the goods supplied at a level that in the majority of cases makes the smaller enterprises only eke out their existence.

All that direct foreign investment may, to a certain degree, help the economy to liven up and enable the economy to join the international market; nevertheless, that investment changes the character of the Czech economy to an economy servicing its more advanced neighbours. The peripheral character of the development of the Czech economy is getting more pronounced and does not create a hope for a pronounced economic convergence with the level of economic advanced countries in EU.

A much worse situation can be expected as far as the equalisation of the balance of payments is concerned. It is perhaps unrealistic to assume that the record influx of direct foreign investments would continue for a greater number of years. Besides, it can be expected that an increasing part of foreign investment will be financed by retained profits. For financing use can also be made of credits granted by the domestic financial institutions, which will again reduce the inflow of foreign funds. In the end, the effect of the repatriation of earnings is very likely to intensify. For instance, in Ireland that transfer is approaching the level of 20% of the GDP.

And if the domestic banks start placing a larger part of savings of the population onto foreign markets, which is a very probable assumption, problems may arise concerning the equalisation of the balance of payments in the course of the coming decade. This is also the reason why problems concerning the maintenance of the stability of the exchange rate of the Czech crown may be expected.

#### 4) The Limited Possibilities of National Economic Policy

Over the whole period of the Czech post-socialist economic transformation no serious attempts have been made at formulating the national economic policy responding to the new structure of today's globalised world economy. And the viable forms of the Czech accession to the European Union have not been analysed from that point of view either. It is above all essential that we should realise what the possibilities of the Czech Republic are. At OECD conference Mr Hart deemed them to be rather limited. We could either adopt the requirements of the more powerful partners, or we would be pressed to do so by force. This state of affairs does not apply solely to the smaller countries like the Czech Republic. In his book *The Great Chessboard* Z. Brzezinski speaks about France and the Federal Republic Germany as American vassals. These statements may well serve as a basis for our reflection on the measure of sovereignty the Czech Republic can expect to enjoy in the contemporary globalised world, as well as among more developed countries in EU.

It can also be assumed that the representatives of the business sphere of the European Union may be interested to see the post-socialist countries becoming a peripheral servicing sphere like the United States of America have in Latin America and The Pacific, or Japan in Asia. The existing association agreements give them a satisfactory basis in this respect. The present situation seems to be more acceptable to the representatives of big business than an early membership of the post-socialist countries of the European Union. A radical change in this attitude could be expected only if a political interest arose concerning faster accession of the European post-socialist countries to the European Union.

For the post-socialist countries the accession to the European Union is advantageous because this act will at least provide them with more concrete rules of behaviour binding for the members of the European Union, which would enable the Czech Republic to defend its economic interests far more actively. A similar idea was formulated by Mr. Hart at the conference mentioned above. He stated that the rules of international economic contacts were always formulated so as to take full account of the interests of the most powerful countries. He was nevertheless of the opinion that these rules were also advantageous as far as the weaker and smaller countries were concerned. They were at least provided with some rules that they could make use of in protecting themselves. Without these rules their weak position would surely be misused far more intensively.

And this situation forms the first possible approach of politicians and a number of theoreticians to the economic policy as far as direct foreign investment is concerned. Without foreign investment it would hardly be possible to ensure a satisfactorily large market for the domestic products turned out by enterprises in the hands of both the Czech or the foreign owners. Speeding up this process as much as possible, creating effective stimuli, granting subsidies for direct foreign investment must certainly be considered the best way. The economy may remain or become peripheral and servicing, but deep crises and hostile attitudes of the powerful economic alliances in the surrounding economically advanced countries will be avoidable.

An automatically operating system is thus given rise to ensuring the less developed countries certain economic growth, but at the same time deepening the inequality between the economic centres and the periphery surrounding these centres. The publications of UNCTAD in particular document the fast rise of that inequality in the distribution of wealth in the world in the last decades. Direct foreign investment plays the central role in this process. In the long run this development leads to the rise of social and political antagonisms, which are a menace to world stability in the long prospect. The acute growth of these antagonisms is however still



rather distant and can thus hardly be the subject of the activity of the present governments.

From the point of view of the Czech economic policy, which is being subjected to an analysis in the present contribution, it might be useful that attention be paid to the following three spheres. The first is the sphere of further development of foreign investment in the Czech Republic. If the present rate of the inflow of foreign capital continues for another two or three years, all the large enterprises and a great part of the medium-sized enterprises in the Czech Republic will practically be in the hands of foreign entrepreneurial alliances. In this situation there remain two important problems to deliberate on. The first of these two can be defined as follows: would it be possible and useful to try to retain the last remnants of the Czech industry in the Czech hands. This concerns above all some parts of the distribution and transportation networks, the operation of which affects a wide range of consumers immediately. The second of these problems is linked with whether and how it will be possible to press down the fees paid to foreign investors in the future and thus at least partially halt the flow of funds abroad.

The other sphere is the one of small and medium-sized businesses. Without a massive support by the state their bargaining position in negotiations with foreign alliances would surely be rather weak. A particularly important group in this respect is the Czech farmers. No consistent programme of such protection has so far been worked out, although such programmes are currently in operation in most of the advanced capitalist countries. Whatever form this programme may have in the future, it will require at least a condescending approval of the European Union.

And the development owing to which the Czech Republic is increasingly becoming a country of employees is the third important circumstance. The government should take on the task to protect their interests in a far higher measure than it does at present. This can very often manifest itself in the spheres that are distant from these problems at first sight. And in this context I would like to give two examples.

The first is the intensive effort by the representatives of various financial institutions to change the so-called current financing of pensions to funded financing effected by way of compulsory insurance of citizens with private agencies. For the financial institutes the adoption of this proposal would mean substantial raise of their funds accompanied by negligible expenses continuing for several decades. For the population it would mean paying double taxes towards the running out system of current financing of retirement pensions on the one hand, and their future fund-secured superannuating allowances on the other. Foreign banks are far from being ready to grant credits to small borrowers, because such credits usually prove to be very risky. They prefer big, reliable clients. The changeover to fund-secured retirement pension scheme where pensions are paid out by private financial agencies, would thus serve to finance development abroad, or to finance foreign investors in the Czech Republic, whom we would not only pay for their willingness to invest in the Czech Republic, but also to a high degree finance their investment there.

The other example is the problem of the growth of wages. For the coming years, and probably decades, it can safely be expected that the foreign investors will secure that wages will be not growing faster than the productivity of labour nation-wide. The problem will rather be how to make wages grow at least in some proportion to the growth of the productivity of labour. That this is possible is documented by the rather solitary case of Ireland. But in Ireland there existed some specific conditions that may hardly occur again. The expectations cherished by

some trade unionists, that the arrival of foreign businessmen would automatically result in the growth of their wages, is optimistic, but totally groundless. In the recent two decades there have been a number of trends of development that can prove this claim, e.g. the less pronounced difference between the wage level in joint ventures with foreign participation and the wage level in the domestic firms, or a not so exceptional effort made by some joint ventures with foreign participation to prevent the foundation of workshop trade union organisations etc. Under these conditions the government should make every effort to ensure that the growth of wages will not lag very much behind the growth of the productivity of labour. One of the most effective ways is the free movement of Czech labour across the border after the Czech Republic has become a member of the European Union. This should be one of the most accented requirements.

In this context we should also reconsider our attitude towards the social requirements of the *acquis communautaire*. For the Czech enterprises they would be next to unacceptable, because they would substantially lower their price competitiveness. For the foreign businessmen these requirements are quite usual and quite easily compatible with their organisational, technical and financial background. It would be very useful that these matters should be taken full account of in negotiations concerning the Czech Republics accession to the European Union.

The last level of reflections on the economic policy of the Czech Republic can concentrate on the problem of creating a new paradigm of external economic relations. The long-lasting servicing and peripheral position of the postsocialist countries will probably produce various social and political tensions. These problems are already quite clearly to be seen in the new lands of the Federal Republic Germany, and certain signs can be discerned in the other post-socialist countries as well. In the near future this may call forth the need for a new paradigm of economic policy capable of coping with the economic inequality between the core of the European Union and the post-socialist countries. Such attempts already exist in the advanced capitalist countries and a few developing countries. In the post-socialist countries activities like these are rather rare.

UNCTAD may be adduced as an example of similar trends. UNCTAD claims unequivocally that the present form of liberalisation of world economy is biased in favour of the economically advanced countries and it deepens the economic problems between the advanced and the backward countries. UNCTAD also formulates eg. the thesis that in the contemporary world an accelerated expansion of local economy can only be achieved through creation of special rent conditions for local businesses. At present, similar views are widely held by the theoretical neoinstitutionalist economists. By the way, in the World Bank, in its research section, there are a number of economists expressing many similarly heretic thoughts.

The solution of these problems will surely be one of the main themes of the starting century. Dealing with these problems sooner than that would of course be immensely helpful as far as the post-socialist countries are concerned. It is of course essential that there should be at least a basic idea of what is to be demanded and how it should be pushed through.

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